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Previous References. (G.F).

Serial Nos. 1 & 2.

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GENERAL AND REVENUE SECRETARIAT.

G77-36(1-6)

G.F- 106-69-1,2.

Serial Nos. 2.

P166/V(1)

Part B for January 1925

SUBJECT

Decentralisation of Audit in the Electrical Department.

Secs. 2 To. The Comptroller & Gov.t
The Heads of Departments.
The Secretaries to Gov.t
The Deputy Commissioners of Districts
The Chief Electrical Engineer.

No. M 3779-838 dated 15.1.25.

Directs the formation of a separate financial

P.T.O.

branch in the Electrical Department and defines the duties of the Assistant to be placed in Charge of the branch.

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Dewan's order dated 7th January 1924.

Devolution of audit scheme for "decentralisation in respect of larger departments of expenditure."

The system of audit and accounts of a department should be adapted to its needs and the character and volume of financial operations of the department should determine the machinery of control that should be provided for its successful administration. The departments, the nature of whose business is complex and the magnitude of whose monetary transactions is large, require a different system from those whose activities on the financial side are mostly confined to the drawing the disbursement of salaries, allowances and contingencies and to the expenditure of small amounts on other objects. Under the former category come the following departments:-

Railways,
Electrical Works,
Public Works
and Education.

There is a specialised Audit and Accounts branch auxiliary to the department of Railways. This branch is entrusted with the duty of examining both the expenditure and revenue transactions of the department and of keeping proper accounts for them. The Public Works Department has a system of accounts and audit specially devised for its requirements but the office employed upon this work is not, since the amalgamation of the Public Works Audit Office with the Comptroller's Office, in touch with the Administrative Department as closely as it is desirable. What is required in the case of the Public Works Department is not the constitution of a separate Financial branch within it, but the bringing of the

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the Public Works Branch of the Comptroller's Office into intimate association with the Executive and the Administrative staffs of the department. In the file relating to the re-organisation of the Comptroller's Office, I have suggested that a Deputy of the Comptroller should be held responsible for all the accounts of the Public Works Department and required to work as the Financial Adviser to the Chief Engineer under the general supervision of the Comptroller.

The financial responsibilities of the Education Department are growing year by year. According to the Budget of the current year, it is answerable for a total expenditure of Rs.43½ lakhs and has to account for receipts of different kinds, including school fees, amounting to Rs.8¼ lakhs. A department whose transactions exceed half a crore of rupees annually requires a special machinery of financial control. The formation, therefore, of a Financial Branch within the Education Department has already been suggested and the Comptroller has been requested to formulate, in consultation with the Inspector-General of Education, detailed proposals for introducing a workable scheme.

The only department which has heavy financial responsibilities both under revenue and expenditure but which has no separate organisation for the adequate discharge of such responsibilities is the Electrical Department. The system of audit which now obtains in the case of this department is highly centralised and is conducted in the Comptroller's Office and the audit itself is practically limited to expenditure; what little of audit in respect of revenue is made is relegated to the test-audit made in the course of hurried visits which the Inspecting Off- Assistant of the Comptroller

pays to the sectional offices of the department. This Department is essentially a commercial one and its system of accounts and audit should follow approved lines of conducting similar work of Commercial Concerns. It is a sine quanon for every commercial concern to have well developed costing accounts and also an efficient system of internal audit. It is impossible for the audit conducted in the Comptroller's Office to be of service to the Electrical Department either in making its financial administration more efficient or more economical. The Comptroller's Office audit is mostly a post mortem examination and it is, therefore, valueless as a means for preventing the occurrence of errors and irregularities.

Besides, this examination is conducted away from the scene of operations and the people of the Comptroller's Office employed on this work cannot visualise transactions and their objects, and are thus unable to perform their work in an intelligent manner.

For reasons stated in the previous para, I think it is necessary to organise a Financial Branch within the Electrical Department and place it under a fully competent officer of the Accounts Department and devolve upon him the following duties:-

1. Financial Adviser to the Chief Electrical Engineer
2. Accounting Officer of the Electrical Department

and 3. Officer in charge of the internal audit required in the case of Commercial Department like the Electrical Department.

This Branch will have to take over not only the work relatin to the expenditure accounts of the department but it will also have to be made responsible for the accounts of the demand, collection and balance of the different items of revenues of the department.

The organisation of a Branch of the kind suggested

suggested above should result in considerable relief to the executive and administrative officers of the department and also in a material reduction of the work now performed in the Comptroller's Office.

When this new arrangement is introduced, it will be necessary to provide for an effective and independent test-audit of the work of this Branch by the Inspecting Staff of the Audit Department. Instead of an annual inspection during which only two or three days are devoted to each sectional office, I would suggest that a system of monthly inspection may be introduced and that the accounts and registers of a month, as soon as they are posted and closed, be examined by the Inspecting Staff and that points arising out of such inspection be immediately reported for action to be taken by the department itself or for the orders of Government.

How the new arrangement should be given effect to requires to be carefully thought out and all the details necessary will also have to be worked out. The Comptroller may be requested to formulate, in consultation with the Chief Electrical Engineer, detailed proposals for giving effect to the arrangement.

I attach an extract from the book on "The system of National Finance" by Hilton Young, a great authority on the Financial System of the United Kingdom, which shows how great is the need for organising within the Electrical Department, a branch of the kind suggested above.

There is one other department to be considered in this connection. I refer to the Military Department. An officer of the Accounts Department has now been deputed to work as the

the Accounts Assistant to the Chief Commandant. With the introduction of the non-silledari system, the accounts of this Department will become even more complex than they now are and it will be necessary to device means and methods for ensuring adequate control over the financial operations of the Department. The working of the system of decentralisation which it is porposed to introduce in the case of the Education Department may be watched for some time and the experience gained thereby utilised for developing a system for the Military Department, adapted to its requirements.

D E W A N.) (Id) M.N.K.

26-1-24.

I agree to the proposals of the Financial Secretary in regard to the Electric Department. The comptr oller may be asked to formulate a scheme at once. I think a similar section should also ~~be formed~~ simultaneously be formed for Military department the expenditure of which is going to be 2·0 lacs per annum and comptr oller may formulate some kind of organisation

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Extract from " THE SYSTEM OF NATIONAL FINANCE" by Hilton Young.

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Great as is the value of the administrative part of the Auditor General's audit, it is clear that it must be very limited in its scope. Such loss and wastage only can come to his notice as are patent on the face of the accounts and documents submitted to him, as it is an incautious department that allows its account to go forward with patent defects of the sort clamouring for enquiry, when by any means it can eliminate them. Lack of intimate knowledge of the methods of the departments, and especially of all those technical affairs with which the Admiralty and War Office are concerned, must greatly impede him in his researches. It can only be a few of the most obvious and not always the most grave cases of waste that an officer in his position can hope to discover. His enquiries moreover come after the event, and although it is better that they should come then than not at all, it is better still when the check on waste comes before the waste has been made. If the public is to have the protection of a full and prompt administrative audit, made with intimate knowledge of the work of the departments and with better means of information than accounts and documents carefully prepared for the inspection of an external examiner, it must get it in another quarter and that is in the financial branches of the great spending departments themselves. An internal administrative audit is in fact being continuously conducted by those branches in the better organised departments and where it is not, it ought to be. In this matter as in the matter of the preparation of Estimates the more closely the financial officers of the department are in touch with the executive, the more they are dovetailed together in their daily labours, the financial officers working within the executive departments as helpers and advisers, the more effective the work for economy will be. And here again the second essential to the efficiency of their work is that they should be responsible to

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to their financial chief and to him only, and that he should be responsible only to the supreme head of the department. With the growing volume, elaboration, and technicality of the work of Government, it is to the expert and semi-independent financial branches of the great departments that the public must look for its substantial protection against waste and loss. External and therefore comparatively inexpert guardians, such as the Auditor General, the Public Accounts Committee, and the Treasury, high as the value of their work undoubtedly is and essential in the legal scheme of Appropriation, in the practical matter of enforcing economy in administration can only supplement the work done within the departments themselves. So vital have the services of the financial branches of the great departments become to the cause of economy that it is to be wondered at that their organisation and conditions of labour are left to the uncontrolled discretion of the ministers and the Executive. A minister can make what he likes of the financial branch; he can make it an efficient and active body under the conditions described, or by segregating it, by subordinating it to the executive officers, and by confining it to the mere routine of accountancy, he can reduce it to impotence. Parliament has hedged about the powers and independence of the Comptroller and Auditor General with all the protection that Acts of Parliament can give. Now that the cause of economy must depend even more on the financial work done inside the departments, if there is to be any advance in the direction of strengthening financial control it must be by extending something of the same protection and security to the financial branches as much of it as is consistent with maintaining unimpaired the ultimate responsibility of the supreme head of the department.

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number to permit of a full-time hand being spared on account of the reduction of work in these Sections. Nor can any Superintendent be spared as the audit of the accounts of the Electrical Department forms only a part of the work now done in a Section (W.A.D.II) of this office. Thus, the establishment proposed by the Chief Electrical Engineer under the New Scheme will really involve an addition of 10 Accounts hands instead of 8 as worked out in his statement, besides an additional office establishment comprising a Record Clerk, a Stenographer, an Attender, a Mutchi and 3 Peons. The cost of this extra Establishment may be roughly estimated at Rs 10,000/- as follows:-

4 on 70-5-100 (92)	=	Rs 368
8 on 30-5/2-65 (49)	=	392
1 Attender on 23	=	23
1 Mutchi on 21	=	21
3 Peons on Rs 12/-	=	36

Total per mensem		840 x 12

Total per annum		10,080

To the above figure will have to be added another sum of about Rs 1,000/- owing to the need for fixing the pay of the Chief Accountant and the Head Accountant so as to correspond with that of a First and Second Grade Superintendent of the Comptroller's respectively, as indicated in the last para of the Note. Then there will be a further addition to the cost to the extent of the difference between the pay to be fixed for the Electrical Auditor and that attached to the existing post of Accounts Assistant to the Chief Electrical Engineer.

3. As regards the rates of pay which the Chief Electrical Engineer asks me to fix and revise for the entire Accounts staff of the whole Department, I shall submit detailed proposals after receipt of preliminary orders of Government as to the number of extra hands and the total

amount

Letter No 1556 E.S. dated 30th June 1924 from the Comptroller forwarding with his remarks the note drawn up by me Dt. R. Krishna Iyengar on the subject of the revision of the system of accounts and audit relating to the Electric Department.

4a

T SATYARAJ CHETTY Esq., B.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore.

Section.
No.

To

Rajakaryaprasaktha
M. N. Krishna Rao Esq., B.A.,
Secretary to the Government of Mysore,
Financial Department, Bangalore.

Sir,

In continuation of my letter No.1498/ES dated the 18th instant I have the honor to submit herewith the Note drawn up by Mr. K.R.Krishnaswami Aiyangar, Assistant Comptroller on Special Duty, on the revision of the system of accounts, and audit relating to the Electrical Department, together with a copy of Chief Electrical Engineer's D.O. letter No.566 of the 17th instant containing his remarks on the above note.

2. As regards the extra establishment required for introducing the New System, it will be seen from the detailed statement attached to the Chief Electrical Engineer's letter, that he expects so many as 6 hands to be set free and made available from the present staff of the Comptroller's Office owing to the transfer of audit work from that office to the Chief Electrical Engineer's office. But it will be possible to spare only 4 hands from the Comptroller's office, viz., the four who are now working in the W.A.D.Section and employed solely on the audit of accounts of the Electrical Department. The bills relating to this Department that are now dealt with in the Travelling Allowance and Gazetted Audit Department Sections are too small i

amount of extra cost that may be sanctioned by them.

I have the honor to be,
Sir,
Your most obedient servant,

Comptroller.

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D. O. No.366 dated 17th June 1924 from the Chief Electrical Engineer, Mysore Government, Bangalore, to the Comptroller, Mysore Government, Bangalore.

I wish to return herewith the note on the changes proposed in the existing system of accounts and audit pertaining in the Electrical Department sent to me with your D.O. No. ES.1428 dated the 4th June 1924 and to state that I am in general agreement with the changes proposed therein, especially because the note was drawn up by Mr. K. R. Krishnaswamiengar after a preliminary discussion with me in the matter.

To put the revised procedure into effect, the required staff will be as per attached statement and I would request you to send it up to Government with your recommendations and secure early sanction of Government so as to enable us to give effect to the changed procedure from the 1st August 1924. The rates of pay may be fixed by you.

" C O P Y "

Superintendent, Records
Comptroller's Office.

14.7

(11)

Statement of the Accounts Establishment necessary in connection with the Centralization and Commercialization of the Accounts of the Electrical Department.

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Existing Establishment.	Proposed Establishment.
Chief Electrical Engineer's Office.	
1 Accounts Assistant	1 Electric Auditor
1 Chief Accountant	1 Chief Accountant for General Supervision
2.Accountants	1 Stores (Administrative Section.)
2 Accounts Clerks	---
1 Cashier	1 Store Accountant
1 Bill Clerk	1 Accounts Clerk
2 Ledger Clerks	1 Bill Clerk
---	1 Order Clerk.
10	
---	**Accounts and Audit Section**
Staff of the Comptroller's Office.	**Expenditure Audit.**
4 Auditors W.A.D.	1 Head Accountant.
1 T.A. & Gazetted Audit Section.	1 Accountant.
1 Superintendent, W.A.D.	3 Accounts Clerks
---	3 Ledger Clerks
6	**Revenue Audit.**
---	1 Accountant.
	1 Accounts Clerk
	Stores Compilation.
	1 Accountant
	2 Accounts Clerks
	2 Ledger Clerks
	Cash Section.
	1 Cashier
	1 Accounts Clerk.
	Establishment Section.
	1 Accountant
	1 Accounts Clerk
	Budget
	1 Accounts Clerk
	Local Auditor, (Accountant).
	Total 27.

Central Stores.

1 Accountant	1 Accounts Clerk
2 Accounts Clerks	1 Ledger Clerk
2 Ledger Clerks.	
5	2

Sivasamudram.

1 Cashier	1 Cashier
1 Head Accountant	1 Head Accountant
1 Accountant	1 Store Accountant
2 Accounts Clerks	3 Accounts Clerks
2 Ledger Clerks	
7	6

Bangalore Power and Lighting.

1 Accountant	1 Head Accountant
1 Cashier	1 Accountant
1 Cashier's Clerk	1 Cashier
5 Accounts Clerks	1 Assistant to Cashier
2 Ledger Clerks	3 Accounts Clerks
1 WorkshopClerk.	2 Ledger Clerks
	1 Workshop Clerk.
11	10

Mysore Power and Lighting.

1 Head Accountant	1 Head Accountant
1 Cashier	1 Cashier
3 Accounts Clerks	3 Accounts Clerks
1 Ledger Clerks	1 Ledger Clerk
1 Workshop Clerk	1 Workshop Clerk
7	7

Kankanhalli. Newly constituted Section.

1 Accountant 1 Accounts Clerk 1 Ledger Clerk	Proposed by me separately for sanction of Government.	1 Accountant 1 Accounts Clerk 1 Ledger Clerk
3		3

K o l a r.

1 Ledger Clerk 1 Accounts Clerk and Cashier Rs.50/- per mensem.	Proposed by me separately for sanction of Government.	1 Accounts Clerk and Cashier at Rs.50/- 1 Ledger Clerk.
2		2

Grand Total. 51. Total. 57.

Add reserve for privilege leave vacancies. 2

Grand Total 59
Extra number of hands required. 8.

Office establishment for the Financial Branch of the Chief Electrical Engineer's Office.

1 Record Clerk
1 Stenographer
1 Attender
1 Mutchi
3 Peons.

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(Sd.) S. G. Forbes,
Chief Electrical Engineer.

" C O P Y "

Superintendent, Records
Comptroller's Office.

SB
14.7

NOTE ON THE REVISION OF THE SYSTEM OF ACCOUNTS & AUDIT RELATING TO THE ELECTRICAL DEPARTMENT.

NOTE ON THE REVISION OF THE SYSTEM OF ACCOUNTS & AUDIT RELATING TO THE ELECTRICAL DEPARTMENT.

The Chief Electrical Engineer has been pressing, for some time past, for centralisation in his office of the entire accounts of the Electrical Department, with a view to enable him to exercise immediate, prompt, and effective control over the working of the Department. He has also been urging the adoption of a purely "commercial" system of accounts. These measures have been approved in general terms by Government in their order No.E.D.S.176 dated the 16th.February 1923. As regards the present system of audit relating to this Department, "the audit is highly centralised and is "conducted in the Comptroller's Office "and is practically limited to expendi- "ture; what little of audit in respect "of revenue is made is relegated to the "test-audit made in the course of hur- "ried visits which the Inspecting Assist- "ant of the Comptroller pays to the "Sectional Offices of the Department. "This Department is essentially a com- "mercial one and its system of accounts "and audit should follow approved lines "of conducting similar work of commer- "cial concerns. It is a sine qua non "for every commercial concern to have an "efficient system of internal audit. "It is impossible for the audit conducted

"in the Comptroller's Office to be of "service to the Electrical Department "either in making its financial admi- "nistration more efficient or more eco- "nomical. The Comptroller's office "audit is mostly a post-mortem examina- "tion and it is therefore valueless as "a means for preventing the occurrence "of errors and irregularities. Besides, "this examination is conducted away from "the scene of operations and the people "of the Comptroller's Office employed "on this work cannot visualise transac- "tions and their objects and are thus "unable to perform their work in an in- "telligent manner." It is accordingly proposed to revise the present system of accounts and audit relating to the Electrical Department by constituting a well-organised Financial Branch within the Department itself and placing it under a qualified Accounts Officer.

2. The Accounts Officer attached to the Electrical Department will, under the new arrangement, be not only the Financial Adviser to the Chief Electrical Engineer, but also hold himself responsible for the proper maintenance and rendering of accounts as well as for "internal" audit of all the revenue, expenditure and stores transactions of the Department. He may be designated as Electrical Auditor.

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3. The main features of the new system of accounts and audit will be as follows:

(a) All bills of the Department (including those on account of salaries of officers and establishments, travelling allowances and contingencies) will be pre-audited by the Electrical Auditor and payments then made by means of cheques drawn by him.

(b) The accounts of the entire Department will be compiled in the Financial Branch of the Chief Electrical Engineer's Office and submitted monthly to the Comptroller in a suitable form ready for incorporation in his books. The vouchers will not be sent to the Comptroller but retained by the Electrical Auditor and made available during local inspection by the Comptroller or his representative.

(c) The transactions of the several Sectional Stores of the Department will all be reported daily by the respective Officers to the Chief Electrical Engineer's Office where they will be checked and the stores accounts of the whole Department compiled in the Financial Branch.

(d) Cash receipts of revenue will continue as hithertofore to be paid into Treasuries and credited direct to the revenue heads concerned in the Comptroller's books from the Treasury accounts. They will accordingly not enter into the monthly departmental account to be submitted to the Comptroller. But adjustment receipts will be credited through the Departmental account.

(e) All bills for amounts due to or by other Departments of Government will be promptly adjusted in the accounts of the Electrical Department.

4. The changes involved in the new system are dealt with in detail below.

4. EXPENDITURE:-

The existing procedure for drawing funds for expenditure and for accounting and auditing the same may first be briefly described here. The charges incurred by the Department may be classified, for the present purpose, under the following heads:-

(a) Salaries of Gazetted Officers.
(b) Pay of Establishments.
(c) Travelling Allowances.
(d) Office Contingencies.
(e) Charges on accounts of works.
(f) Payments for stores purchased.
(g) Other miscellaneous payments.

As regards item (a) above, each Gazetted Officer draws his own salary from the Treasury on monthly bills signed by himself. Items (b), (c) and (d) are drawn from the Treasuries on bills signed by the Disbursing Officers of the Department -- there are four of them, viz., the three Superintendents at Bangalore, Mysore and Sivasamudram, and the Chief Electrical Engineer himself. As regards the remaining items, (e), (f) and (g), payments on account of these are made from the Treasuries on "Pass Orders" issued by the above disbursing officers in favour of the payees concerned. A monthly classified account is rendered by each of these four disbursing officers (otherwise called Sectional Officers) to the Comptroller in respect of the "Pass Orders" issued by him during each month as well as adjustments made in his sectional accounts. This monthly account is

audited in the Comptroller's Office and then incorporated in the Central books. Items (a) to (d) do not enter into the above monthly departmental account, but are booked in the Comptroller's Office through the Treasury accounts. All the charges of the Department are audited in the Comptroller's Office generally after they are paid from the Treasuries, the only exceptions being such of the bills comprised in items (a) to (d) as are payable at Bangalore, which are got pre-audited by the Comptroller's office before they are cashed in the State Huzur Treasury. As regards payments to be made outside the State, (e.g. for stores purchased from firms in India, Europe or America), these are arranged for by the Comptroller on receipt of requisitions and connected bills from the Chief Electrical Engineer. In these cases also, the bills are preaudited before payments are arranged. After payments are made, the Comptroller sends intimation to the Chief Electrical Engineer, who then includes them in his monthly Sectional account. In the case of payments to be made by the Electrical Department to other Departments of Government for stores supplied or services rendered by the latter, the bills preferred by the Creditor Department are accepted by the Electrical Department and returned to the former

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which then sends the accepted bills to the Comptroller who then advises the Sectional Officer concerned (of the Electrical Department) to adjust the charge in his next monthly account.

5. Under the new system, all local payments by the Department will be made by means of cheques to be issued by the Electrical Auditor after auditing the bills concerned. Cheques will be drawn on the State Huzur Treasury at Bangalore, the District Treasury at Mysore and the Taluk Treasuries at Malavalli, Kankanhalli and Bowringpet. A monthly classified account of such payments will be sent by him to the Comptroller's Office for incorporation in the Central books. The bills and vouchers will not accompany the monthly account, but will be retained by the Electrical Auditor and produced for examination, during local test-audit by the Inspecting Staff of the Comptroller's Office. Besides the cash book for recording all cash receipts and payments, a journal will be maintained in the Financial Branch of the Chief Electrical Engineer's Office for recording all transactions involving book adjustments. The daily transactions as per cash book and journal will be posted in a general abstract, and the totals worked out under the various heads at the end of the month.

Similar totals will be worked out in the Stock abstract book pertaining to Stores transactions (vide para 11 infra) and these two sets of totals will then be combined for being incorporated in the monthly account to be rendered to the Comptroller. As regards payments outside the State, those in India may be made by the Chief Electrical Engineer himself by obtaining drafts from one of the local Bankers, while those outside India may be arranged for by the Comptroller through Messrs. Coutts & Co., Ltd. as hithertofore. The latter will be entered in the journal as soon as intimation of payment is received from the Comptroller and thus adjusted in the next monthly account to be submitted to him. In the case of bills for amounts due by the Electrical Department to other Departments of Government, payments will be made by means of crossed cheques instead of by the circuitous method of book adjustment through the Comptroller's Office.

6. For meeting petty or emergent expenditure, suitable imprests will be left, as at present, with the departmental officers, who will make payments out of them and recoup the same as often as necessary by sending up the bills and vouchers to the Electrical Auditor who will issue cheques for the amounts

after auditing the charges.

7. S T O R E S:-

The Stores of the Department are now distributed among six depots, viz., the Central Stores at Bangalore under the immediate charge of the Assistant Chief Electrical Engineer, the B.P.L., M.P.L. and Sivasamudram Stores under the charge of the respective Superintendents, and the stores at Kankanhalli and Kolar Gold Fields under the charge of the Superintendent, Power and Lighting, Kankanhalli, and the Chief Operator respectively. Priced ledgers are maintained for each of these six stores by the respective store-keepers. The receipts and issues of stores are recorded, as they occur, in the Store-Keeper's Register of daily receipts and issues and an extract from this register is sent up daily by him, along with copies of indents and invoices, to the Sectional Officers, the ledgers being also posted at the same time. These are checked in the Sectional Offices and then posted in the respective "C" Registers and in the stock abstract book. The monthly totals under the several heads in the stock abstract book are embodied in the stock account current which is submitted by each sectional officer along with his monthly accounts to the Comptroller. The

transactions relating to B.P.L., M.P.L. and Sivasamudram Stores are incorporated in the monthly accounts of the Superintendents concerned, while those relating to the Central Stores at Bangalore as well as those at Kankanhalli and Kolar Gold Fields are included in the monthly accounts of the Chief Electrical Engineer.

8. Under the proposed centralised system, the daily transactions in all these six stores will be reported to the Chief Electrical Engineer in whose Office the monthly account for the whole Department will be compiled. The Store-Keepers of the several sections will maintain only a quantitative account or ledger for the materials under their charge, and make entries therein as soon as materials are received or issued by them, in accordance with the authorised procedure in the Department. All the stores transactions will be entered then and there by the store-keeper in his register of daily receipts and issues (in respect of quantity only and not value), and an extract from this register will be prepared by him and submitted daily along with copies of indents and invoices concerned to the Sectional Officer. The priced ledgers will be maintained in the Sectional Offices and kept under the personal custody of a responsible

officer so as to permit of no access to it by the store keeper. As soon as the daily extract of the store keeper's register is received from him, it will be carefully checked in the sectional office with reference to the accompanying indents and invoices. The priced ledgers and "C" Registers will then be posted and - after entering rates and cost in the above extract, it will be counter-signed by the Sectional Officer and forwarded to the Chief Electrical Engineer's Office along with the indents and invoices. A spare copy of this daily extract of the Store Keeper's Register will be retained in the Sectional Office for reference. In the case of Stores located outside Bangalore the daily extracts and indents and invoices due from the Sectional Offices will have to be sent by post, and as it is safer to get them by registered post, they may be arranged to be sent once in 5 or 6 days instead of daily.

9. It is necessary that priced ledgers should be kept in the Sectional Offices, because:-

(a) it will facilitate the preparation of estimates by the sectional officers and the exercise of scrutiny by him over expenditure from time to time on works under his charge as compared with the sanctioned estimate,

(b) it will facilitate ~~occasional~~ test verification of stock by the Sectional Officer, and

(c) the Sectional Officer is primarily responsible for the stores in his charge and he should know the value of the same.

The maintenance of another set of priced ledgers in the Chief Electrical Engineer's Office will be a duplication of work involving very heavy clerical labour and may very well be dispensed with, especially as the Chief Electrical Engineer can get immediately over the phone any information that may be required by him for administrative purposes in respect of the balance, i.e. actual quantity of any description of material remaining at any time in the several sectional stores.

10. The agreement between the balances in the quantity ledgers of the storekeeper and those on the priced ledgers in the Sectional Office will be automatically effected by providing for the balance after each transaction being recorded by the Store Keeper in the extract of his Register of daily receipts and issues which is submitted by him to the Sectional Officer. This balance will be verified by the Sectional Officer while posting the priced ledgers, with the balance according to the latter. Besides, the stock verifier who is expected to complete the counting of all materials in the Stores once in six

months or some such period, will have to record in his verification sheets the balances according to the two sets of ledgers and as actually counted by him. Any discrepancies between the balances according to the two sets of ledgers will thus periodically come up for notice and be rectified then and there.

11. On receipt of the daily or periodical stores accounts in the Chief Electrical Engineer's Office, they will then and there be abstracted, separately for each section, after necessary further check, in a stores abstract book and then consolidated. A monthly summary of the stores transactions will also be sent by each sectional officer to the Chief Electrical Engineer's Office, showing the opening balance, total receipts of the month, total issues and closing balance under Stock (proper) including workshops and under stock incidentals, the total credits under the latter being supported by a detailed statement of distribution of corresponding debits to the several heads concerned. This monthly summary must contain the Sectional Officer's certificate of verification of ledger postings and balances. It will be checked with the monthly totals independently worked out in the Stock abstract book in the Chief Electrical Engineer's Office. It may be mentioned

here that the centage on account of stock incidentals may, for the sake of convenience, be worked out on the monthly total of stock issues under each head in the "C" Registers instead of in each individual case of issue.

12. Where stores are transferred from one section for a definite work in another section, the value thereof together with the percentage of incidental charges thereon will be charged direct to that work in the stock abstra pertaining to the former section. The issue must, in such cases, be supported by a clear acknowledgment of receipt by the Officer in immediate charge of the work, countersigned by the Sectional Officer in token of his having included the charge in the "C" Register concerned. But when stores are transferred from one section to another for "stock" purposes, the issues from the one will be set off against the corresponding receipts in the other, and this will not therefore affect the stores accounts of the Department as a whole. In those rare cases where the quantity issued by the Store-Keeper happens to differ from that acknowledged by the receiving party at destination, the value of the difference will, pending final orders about its adjustment, be kept outstanding under a suspense head which may be termed "Stock difference

account." So also, whenever during verification of stock any difference is noticed between the ledger balance and the actuals, such difference will provisionally be kept under the above head of account pending final orders thereon. It may also occasionally happen that stores issued towards the end of a month may not reach the distant destination till after the beginning of next month, and there will thus be differences between the issues and the corresponding receipts as shown in the accounts of the former month. Such differences will have to be watched and accounted for by bringing them under a separate head such as "Stores in transit".

13. A Register of Purchases and anothe Register of Sales will be maintained in the Chief Electrical Engineer's Office, wherein will be entered chronologically all the items of purchases or sales as they occur, irrespective of the dates of payment or receipt of their value. All payments on account of materials bought will be debited to "Purchases" in the cash account and all receipts on account of sales credited to "Sales" irrespective of whether the materials purchased or sold are paid for during the same month or not. Personal ledgers will be maintained separately for purchases and for sales, and the balances under "Pur-

15. REVENUE.

All amounts due from private parties will be received in cash or cheques and paid then and there into the Treasury by the Sectional Officers for credit to the revenue heads concerned. Bills for amounts due by Government offices and Departments are, under the existing procedure, being got"accepted" by the heads of offices concerned and then sent to the Comptroller for book-adjustment. The system of direct payment in cash or by cheques should, as far as possible, be adopted in preference to book-adjustment through the Comptroller's office. It is accordingly proposed that Departments which are already drawing funds by means of cheques(e.g. the Railway Department and the industrial concerns) may in future be asked to pay up the bills of the Electrical Department by means of 'Crossed' cheques. As regards other Departments and offices, the existing procedure may continue. The accepted bills will, however, be sent every month by the Sectional Officers to the Chief Electrical Engineer instead of to the Comptroller. If bills are not promptly accepted and returned by the debtor Departments, duplicate bills certified to the above effect by the Sectional Officers will be sent up in lieu of accepted bills. Sometimes the lighting bills of private parties may

may have to be adjusted out of the deposits taken from them. In such cases, full particulars of adjustments will have to be furnished by the Sectional Officer to the Chief Electrical Engineer. The monthly statement of revenue to be submitted by each Sectional Officer to the Chief Electrical Engineer will accordingly show:-

(a) The total amount of cash receipts(paid into Treasury).

(b) The total amount of accepted bills(as per list and bills to be attached).

(c) The total amount of duplicate bills in lieu of accepted bills not received in time from the officers concerned(as per list and bills to be attached).

(d) The total amount appropriated out of deposits(as per detailed list to be attached).

(e) The classification of the above four items among the several revenue heads.

The revenue ledgers will, as hithertofore, be maintained in the Sectional offices and the credits or recoveries will be posted therein as soon as cash payment is received or adjustments made. All credits to revenue by adjustment from deposits or on accepted bills will be entered then and there in a register and this register will be referred to while preparing the above monthly statement for submission to the Chief Electrical Engineer. A monthly abstract of demand

Demand, collection and balance of Revenue will also be submitted by the Sectional Officer with necessary explanation for non-recovery of arrears.

16. MISCELLANEOUS RECEIPTS.

Besides revenue earnings, there are other classes of receipts coming into the hands of the Sectional Officers, such as, security deposits, recoveries of advances, refunds of expenditure, payments for work-done or stores supplied by the Department. Such of these items as are received in cash are paid by the Sectional Officers into the Treasury and they are all, without any distinction, credited to the same head, viz.,E.W. deposits, in the Treasury accounts. The credits are transferred to other heads of account, wherever necessary, by means of adjustments effected through the monthly departmental account rendered to the Comptroller. The above procedure may continue under the new system. The Sectional Officers will, however, be asked to submit to the Chief Electrical Engineer a monthly statement showing the opening balance, credits, debits and closing balance of "E.W. Deposits" with the requisite particulars for credits and debits under "Cash" and "Adjustment" separately. In the case of stores supplied or works executed for other departments

departments of Government, the bills will be got "Accepted" by the debtor departments and then submitted by the Sectional Officers to the Chief Electrical Engineer who will arrange for their final adjustment. The Railway department as well as the industrial concerns will, however, pay up the bills direct by means of crossed cheques as in the case of bills for lighting and power supplied to them.

17. BILLS ADJUSTED BY BOOK TRANSFER.

It will be seen from paras 5, 15 and 16 (Supra) that bills for amounts payable to or by other departments of Government will, in the following cases have to be adjusted only by book-transfer and not by payment in cash or by cheques:-

(a) Foreign payments arranged for by the Comptroller on behalf of the Electrical Department and to be recouped by the latter.

(b) Revenue bills for lighting or power supplied to Government Offices, Institutions or departments other than those (e.g., Railways and industrial concerns) which draw cheques.

(c) Bills for stores supplied or work executed for offices etc., as in case (b) above.

As regards case (a), the payments made by the Comptroller may be debited, in the first instance, to

to "E.D.Bills Payable", and as soon as such payments are intimated by the Comptroller to the Chief Electrical Engineer, the latter will adjust the cheques in his next monthly account by credit to "E.D.Bills Payable" and debit to the departmental heads of expenditure concerned. As regards bills coming under cases (b) and (c) above, they will be got "accepted" by the debtor departments and sent up to the Comptroller by the Chief Electrical Engineer with his monthly departmental account wherein the bills will be adjusted, finally as far as the Electrical Department is concerned, by credit to revenue or other heads and by debit to "E.D.Bills Receivable". The clearance of the debit under the latter head will rest with the Comptroller, as the Electrical Department can have nothing more to do after it has sent up the bills duly got "accepted" by the debtor department concerned. In the case, however, of monthly lighting and power bills which are not promptly "accepted" and returned by the officers concerned, they may all be adjusted in the monthly departmental account (even without the production of accepted bills) by furnishing"duplicate" bills whereon the Sectional Officer should certify that the original bills have not been accepted and returned by the debtor department in proper time.

cheques cashed in the Treasuries will be debited to this head in the Treasury accounts, so that the balance outstanding at credit of this head in the Comptroller's books at the end of any particular month will represent the amounts of cheques remaining uncashed. The Electrical Auditor will arrange to get from each Treasury (on which he draws cheques) a monthly list of his cheques cashed in that Treasury. A plus and minus memo showing the opening balance, total credits, total debits and closing balance under this head will be attached to the monthly account submitted by him to the Comptroller.

(b) E.D.BILLS PAYABLE.

Foreign payments made by the Comptroller on behalf of the Electrical Department will be debited to this head through the Bank accounts concerned, and after intimation of such payments is received from the Comptroller, the amount will be credited to this head and debited to the Departmental heads of expenditure in the next monthly account submitted by the Electrical Auditor to the Comptroller.(Vide para 17 Supra). To the monthly account will be attached a schedule or list of items credited to this head with authority (i.e., intimation received from the Comptroller) quoted against each.

(c) E.D.BILLS RECEIVABLE.

Bills for amounts due from other departments which are not payable in cash will be adjusted by debit to this head and credited to the revenue or other heads concerned. (Vide para 17 Supra). A list of bills so adjusted together with the "accepted" bills themselves should accompany the monthly account. These "accepted" bills will be finally adjusted in the Comptroller's Office by credit to this head and debit to the budget heads relating to the debtor departments concerned.

(d) E.D.Deposits.

All adjustments affecting this head as well as cash debits will appear in the monthly account, but not cash paid into the Treasury for credit to this head. (Vide para 16 Supra). The Treasury credits must, however, be shown separately and included in the plus and minus memo to be submitted to the Comptroller along with the monthly account, so as to agree the balance therein with that in the Comptroller's books. The Electrical Auditor will be resppnsible for the verification of balance under this head.

(e) E.D.ADVANCES. 34

Payments of advance of salary, T.A. etc., will be debited to this head and

and recoveries credited to it. Outlay incurred on behalf of other departments may also be debited to this head pending receipt of "accepted" bills from them. The Electrical Auditor will be responsible for the verification of balance under this head. A plus and minus memo should accompany the monthly account submitted to the Comptroller.

(f) C.P.S.DEPRECIATION FUND.

A plus and minus memo should be furnished with the monthly account.

(g) State Life Insurance Fund.

(h) State Provident Fund.

(k) Motor Car Advances.

(l) House Building Advances.

Deductions made in bills on account of these four heads will be credited to them in the monthly account,. Schedules containing full particulars of credits to each of these four heads will be attached to the monthly account.

19. The following"debt"heads which have hitherto appeared in the monthly accounts of the several sections of the Electrical Department will cease under the new arrangement:-

(1) Other Departmental Works Suspense
(2) Inter-divisional transfers.
(3) C:P.S. other items;
  (a) Adjustable by civil.
  (b) " " C.P.S.
(4) Account current between civil & Railway Departments:-
  (a) Items adjustable C.P.S.
  (b) " " by rail ays.

(5) Palace deposits.

(6) Palace Personal Estate Accounts

Items 1, 2 and 3 above will be replaced by the new heads "E.D.Bills payable", and "E.D.Bills receivable". Item 4 will be eliminated on accounts of the system of cheque payments proposed for settlement of claims between the Electrical and Railway Departments. As regards items 5 and 6, the Electrical Department may take payment by cheques to be issued by the Palace authorities for amounts due by them, or if this be not possible, the bills may be adjusted by debit to "E.D. Bills Receivable" as in the case of bills for amounts due by other departments of Government.

20. VERIFICATION OF TREASURY FIGURES.

It is necessary to arrange for verification of the credits accoding to Treasury accounts with those according to the departmental officers' accounts in respect of amounts paid into treasury by these officers for credit to Revenue or Deposits. The Sectional Officers may be asked to submit to the Chief Electrical Engineer a monthly statement of payments made by them into treasury, supported by a consolidated Treasury Receipt. The Chief Electrical Engineer will prepare and furnish to the Comptroller a similar consolidated monthly statement for the whole Department. This will be checked

showing the credits under the several budget heads of revenue or Deposits in respect of amounts paid into each Treasury or Bank.

checked in the Comptroller's office with the corresponding credits appearing in the Treasury Accounts; and discrepancies, if any, will be traced and rectified.

21. THE ELECTRICAL AUDITOR.

The ~~Electric~~ entire Audit and compilation of accouhts pertaining to the Electrical Department will be conducted in the Financial Branch of the Chief Electrical Engineer's office, which will be in charge of the Electrical Auditor. The salary and T.A. bills of the Chief Electrical Engineer & of the Electrical Auditor may, however, be got pre-audited by the Comptroller's office. In rare cases of difference of opinion between the Chief Electrical Engineer and the Electrical Auditor on any important matters affecting accounts or audit, the question may be referred by the former to the Comptroller. Besides conducting the work of the Financial Branch in the Chief Electrical Engineer's Office, the Electrical Auditor will have also to frequently inspect the subordinate offices and see that initial accounts and registers are properly maintained and that revenues are correctly claimed and promptly collected. He may also be empowered to pay "Surprise" visits and examine cash and stores.

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22. EXTRA STAFF REQUIRED:-

The "Centralisation" of accounts in the Chief Electrical Engineer's office will naturally involve a certain amount of duplication of clerical and accounts work. The main additional items of work for which extra staff will be required are as follows:-

(a) Heavy work in the Pay section of the Chief Electrical Engineer's Office which will have to issue cheques for meeting the entire disbursements of the Department and also arrange to procure and send drafts to firms in India outside Mysore for Stores purchased from them.

(b) Checking and compilation of stores accounts from the daily statements of receipts and issues pertaining to each of the six depots.

(c) Maintenance of quantity ledgers by store-keepers in addition to the priced ledgers maintained in the Sectional Offices, (Vide para 8 supra)

(d) Maintenance of "C" Registers pertaining to the entire expenditure of the Department.

(e) Compilation of the monthly accounts to be submitted to the Comptroller.

(f) Maintenance of Registers of Deposits, Advances, Purchases, Sales and Bills Receivable, General Ledger, etc.

(g) Audit of Travelling Allowances and Salaries of Gazetted Officers (Audit of other items is left out of account because the four ~~heads~~ who are at present employed on this work in the WAD. II Section of the Comptroller's Office are proposed to be transferred to the Financial Branch of the Chief Electrical Engineer's Office).

(h) Audit of Revenue and checking of ~~internal~~ accounts in Sectional Offices during local inspection by the Electrical Auditor.

(k) Supervision of the work of the extra staff.

The number of extra hands required for the above items of extra work will be about 9 calculated as follows:-

For item (a)	.....	1.
For item (b)	.....	3.
For items(d),(e) & (f).		3.
For items(g) and (h).		2.
T o t a l.		9.

These 9 hands together with the 4 hands now working in the Work Audit Section of the Comptroller's Office will be the addition required for the present Accounts Branch of the Chief Electrical Engineer's Office to constitute the new Financial Branch which is to be entrusted with work pertaining to payments,accounts and audit and which will thus comprise about 25 working hands. A reserve of 2 hands will have also to be provided for conduct of work during privilege leave as it will not be otherwise feasible to get trained substitutes for such leave vacancies. Then there is the maintenance of records and audited vouchers which have to be very carefully preserved,. the custody of printed forms and stationery, the fair copying and registering of correspondence etc. which have k all to be provided for. These may require 2 Clerks besides an Attender and a Mutchi. Thus, in all, 13 Accountants or Clerks, 1 Attender, 1 Mutchi and 3 Peons will be the additional establishment required. It is not easy to make any reduction in the present

strength of the Accounts Establishment of the Sectional Offices as the quantity of work to be done in those offices will practically be the same under the new arrangement as hithertofore. As regards the scale of pay of the establishment of the Financial Branch of the Chief Electrical Engineer's Office, the Chief Accountant who will have to be in charge of the Branch and sign cheques etc. during the absence of the Electrical Auditor on local inspection of subordinate Offices, may be given the pay of a First Grade Superintendent in the Comptroller's Office. Next below the Chief Accountant will be the Head Accountant in charge of Expenditure Audit and Compilation Section whose pay may be that of a Second Grade Superintendent in the Comptroller's Office. Of the remaining hands, about one third may be placed in the grade 70-5-100 and the rest in the grade 30-5/2-65. The total extra cost may come to roughly Rs.12,000/- per annum. To this will have to be added the difference between the pay to be ~~added~~ fixed for the Electrical Auditor and that fixed for the existing post of Accounts Assistant to the Chief Electrical Engineer.

R Krishnaswami Ayyar
R Ramaswami Ayyar
31.5.1924

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Proposals in regard to the revision of the system of accounts and audit relating to the Electrical Department are contained in Mr. Krishnaswami Iyengar's note placed below. The note is reported to have been drawn up by him in consultation with the Chief Electrical Engineer. The Comptroller has not expressed any definite opinion on the new system suggested. It is stated that the note has been drawn up on the lines approved in Government order No.E.D.S 176 dated 16th February 1923.

The order of 16th February 1923 issued from the Electrical Department and it is not clear to me what is exactly meant by the centralisation of accounts contemplated in that order. I see from my note on that file that what I agreed to was the consolidation in the office of the Chief Electrical Engineer of the accounts of Sections compiled by the latter. What is proposed in the note now received is that the compilation of all the accounts of the Department should be made in the Central Office and that it is enough if the Sectional Offices keep only subsidiary registers. This innovation does not commend itself to me. I consider it fundamental that e v e r y

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every separately oraganised unit of the Department should be self-contained and self-reliant in regard to all its monetary transactions and the accounts of such transactions. Each Unit should pass all its vouchers and compile the main and subsidiary accounts from them. Particular activities and definite items of work are allotted to the different Sections and the accounts rendered by them should make it possible to enforce responsibility on them for all t h e transactions relating to their charges. If the Sectional accounts are all compiled in the Chief Electrical Engineer's Office, the subsidiary registers kept in the Sections would be based on the second hand data and not, as they should be, on the intial documents on which the main monthly account rests. It seems to me, therefore, that it is a retrograde measure to relieve the Sections of their responsibility for their accounts.

I think the new system ought to aim at subjecting, in the Chief Electrical Engineer's Office, to audit, the accounts received in a compiled form from the Sections, the consolidation in that office of these accounts into one departmental account and the utilisation

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utilisation of the material afforded by the Sectional and consolidated accounts for purposes of administration. If, in addition to these accounts, it is necessary for the control to exercise from the Central Office to get other returns and statements, the Sections may be required to submit them. If periodical reports of receipts and issues of stores should also be required for use in the Central Office, they may also be obtained.

If the Chief Electrical Engineer considers that particular classes of claims should be subjected to pre-audit in his office, that may also be arranged for, subject to the condition that the charges are brought, in the first instance, under the final heads in the accounts of the Sections concerned as compiled by them.

The elaborate centralisation suggested in the note is apparently responsible for the ~~addition~~ addition of as large a number as 13 new hands proposed for the Chief Electrical Engineer's Office. If the accounts continue to be compiled by the Sections, the work to be done in the Chief Electrical Engineer's Office will be much less than that it is

taken

G. R. S. III 2]

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taken to be in the note and there may be no need for any appreciable addition to the establishment of the Chief Electrical Engineer's Office.

In the circumstances stated above, it is necessary to settle whether the Sectional Officers should or should not compile their monthly accounts before the proposals made in the note can be considered. The several Sections have substantial money interests committed to their care. Bangalore and Mysore have heavy responsibilities in regard to revenue; Sivasamudrum has to carry out capital works of large magnitude. All the Sections are consumers of stores on a large scale and have got to keep accurate stores accounts. The Sectional Officers are all men of high technical qualifications and of recognised standing in the Department and they should therefore be made fully responsible for the successful, economic and efficient administration of their charges. Such administration requires the constant use of reliable financial statistics compiled from accounts. It seems to me, therefore, that the integrity of each Unit should be maintained

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maintained by requiring the Sections to compile their montly accounts and keep a close watch over the progress of their operations -- Revenue receipts, Revenue expenditure, Stores and Capital Works -- from month to month. Control by the Chief Electrical Engineer is, of course, necessary but it should be in addition to the subordinate control exercised by the ~~subordinate~~ Sectional Officers who are primarily responsible for their transactions. Concentration of the whole work in the office of the Chief Electrical -- Engineer is likely to ~~xx~~ weaken the sense of responsibility of the Sectional Officers and it is necessary to avoid such a result. As I have already stated, Sectional Officers may be permitted to compile their accounts and required to make use of them for all purposes of administration of their charges and the Chief Electrical Engineer may provide for the compilation and maintenance in his own office whatever material he wants for his own supervisory control and obtain such material from the Sections.

DEWAN'S OFFICE,
25. JUL. 1924
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24.7.24

D E W A N.)

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The Chief Electrical Engineer may be consulted
The CEE maybe consulted
Consulted -

The C.E.E. wrote Comptr
26.7.24
G.O. No. 933. dated
Returned to the H.L. Secy. with Compliments
In connection with the proposal for the reorganisation of the Electric Supply Accounts Elec. Dept accounts section particular attention was paid to (1) the necessity of keeping the CEE informed as quickly as possible of all financial transactions in each section, so that I could myself scrutinise each item to determine not only the legitimacy of each item but its actual necessity and (2) to place the fullest responsibility on the Section Officers. I think that these two objects can be attained if the accounts are compiled in my office

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P.T.O.

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more effectively than if they are compiled in the Section offices and sent to my office for consolidation.

I think that paras 8 & 9 of the proposal shows clearly how it is proposed to account for all stock transactions and does not in any way diminish the responsibility of the Section Officer. But as regards wages and salaries the report is not so clear as for stocks. The proposal does, however, provide that all salary bills, nominal rolls, etc., for establishment, Work Establishment and Temporary Labour, be sent to my office for pre-audit, and returned to the Section officers with the necessary "Pass Order" on the Treasury for encashment and payment, the amounts so paid being entered in the respective "C" Registers maintained in the Sections. Thus full responsibility of all section officers is maintained and gives me the desired <u>simultaneous</u> supervision and enables me to apply preventative measures at a very early stage in any irregularity that might occur.

As to the staff proposed I only assumed that the staff, now engaged on Electrical Department's accounts in the Comptroller's Office would be transferred to my office.

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I think that the additional staff will be limited to the:-

1. Electrical Auditor (new)
2. One - Stenographer "
3. One Record Clerk "
4. 2 or 3 peons "

(We have ~~so~~ four peons already that these will have to be provided)

5. The Staff in the Comptroller's Office engaged on Electrical Department's accounts
6. The accounts staff already in the Electrical Department

If it is still thought that the proposal will reduce the financial responsibility of the Section officers, I would be glad if it is returned to the Comptroller and myself for further consideration and revision.

S. G. Forbes

Chief Electrical Engineer

Bangalore
4-8-1924
SGF-PRN.

H Secy)

5/8/24

My very firm opinion that nothing should be done to impair the sense of responsibility of Sectional officers for their financial transactions and this responsibility can be fully enforced only when all accounts - main and subsidiary

G. R.-S. III-2]

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DEWAN'S OFFICE,
RECD. ON 6 AUG. 1924
Reg. No. 1059

are kept in the Sections. The CEE may keep in his own office whatever accts & registers of Sections he requires for the Supervision to be exercised by him but the Sectional officers should have full material for their Control and Supervision the Value of which in the proper administration of the Dept can not be overrated.

M.N.K.
6.8.24

Dewan)
This will have to be discussed personally
This will have like
personally discussed
at a conference on
at a Conference on
Tuesday the 19th
Tuesday the 19th

7.8.

This may take place
This may take place
at 4 Pm office
at 4 p.m. office

25-8-24

D.O. written to CEE

25/8/24

Dewan's order of 25/8/24.
"Details may be worked out and reported"

25.8.24

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The Comptroller and myself have discussed the question and consider that the new arrangement may be on the following lines:-

1. The accounts of the B.P.L., M.P.L. and Sivasamudram Sections are now sent direct to the Comptroller's Office where they are consolidated and audited. Hereafter, these accounts may be sent to the Chief Electrical Engineer's Office. The existing procedure in regard to the accounts of K.G.F. and Kankanhalli Sections and of the Central Stores may continue.

2. The accounts of all the Sections will be consolidated into one Departmental account in the Chief Electrical Engineer's Office.

3. The Financial Branch of the Electrical Department to submit to the Comptroller monthly, an audited account of the revenue and expenditure of the Department and also such other accounts and returns as he may require.

4. Bills of all kinds except those for petty payments made from Permanent Advances to be preaudited in the Chief Electrical Engineer's Office and payments made by cheques.

5. Detailed audit of expenditure accounts and vouchers may be conducted in the Chief Electrical Engineer's Office under the supervision of an officer of the Accounts Department to work as the Financial Assistant to the Chief Electrical Engineer. The system of audit of the different

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different kinds of expenditure in the Chief Electrical Engineer's Office will be settled by the Comptroller keeping in view the requirements of the Chief Electrical Engineer for effective control by him of the financial transactions of his Department.

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6. In matters relating to audit and accounts, the officer in charge of the Financial Branch of the Electrical Department to be guided by the instructions of the Comptroller. If cases arise in which the Chief Electrical Engineer does not accept the opinion of his Financial Assistant on points concerning accounts and audit, whether they arise in the course of work performed in the Chief Electrical Engineer's Office or of ~~his~~ the local inspection of Sections, he will issue written orders which should be carried out by the latter. All instances of this kind to be reported to the Comptroller for such action as he may consider necessary.

7. The audit and accounts work performed in the Financial Branch of the Chief Electrical Engineer's Office to be subject to an annual test audit by the inspecting staff of the Comptroller, which should have the following objects in view:-

(i) a general scrutiny to see that the work is properly performed

and (ii) a special scrutiny for the discharge of the Comptroller's responsibility to the Legislature

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the Legislature in respect of audit against appropriations and of points to be noticed in the Audit and Appropriation Report.

8. The responsibility of the Head of the Electrical Department in regard to the financial transactions of his Department to remain unaltered by the new arrangement which is only intended to afford him the maximum assistance for the administration of his Department on the financial side.

9. Transactions coming under central audit in the Chief Electrical Engineer's Office to be subject to frequent test audit locally by the Financial Assistant and those that do not undergo central audit to be subject to complete local examination. The initial accounts and registers of all the Sections as also their Registers of Revenue and Stores accounts to be subject to thorough local examination.

10. The more important items of work to be done in the Sections and in the Central Office of the Department are detailed in the appended statement.

11. The staff required for the new Financial Branch to be opened in the Chief Electrical Engineer Office to be found by transferring men already working in the Comptroller's Office and the Chief Electrical Engineer's Office. As the audit work will have to be done in greater detail than is now the case in the Comptroller's Office, a few additional hands may

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may be required. The exact strength of the new section may be determined after details of work to be arranged for ~~xyxthexxffixxx~~ are settled by the officer who will be in charge of the Branch.

12. When this question was discussed by the Dewan with the Chief Electrical Engineer, the latter considered that he would require the assistance of the new Financial Assistant in addition to that of the existing Accounts Assitant.

Forwarded with compliments to the Chief Electrical Engineer, Hon'ble Comptroller for favour of further remarks.

Mull
27.9.24

Forwarded, with compliments, to the Chief Electrical Engineer.

T. Aathyanatha Mudaliar
Comptroller.

Do 20/IX/24 see file of Correspd 1/1924
Please come tomorrow
Returned to the Comptroller with Compliments
I am in agreement with the above note and understand that the proposed arrangement provides for (1) That all the accounts of all the sections will continue to be prepared & Compiled as they are the Revenue sections as they are Now Constituted. However it is to constitute new sections and

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rearrange the Head quarters
Rearranging the Headquarters
section (i.e Kolar Transmission line
and Kankanhalli section) as
Circumstances may require from
time to time. The Mercantile
Power scheme will have to
be constituted into a
section when the work
starts.

(2) That the accounts will be
compiled in My office and
sent to the Comptroller in
what ever form he may require.

(3) The whole of the accounts
branch will be carried in the
Cadre of the Elec. Dept except
the financial Asst to the C.E.I.
and the accounts Asst who
will be carried in the Cadre
of the Compts. The members
of the accounts branch, except
these two will be got by direct
recruitment. They will have to
have the same qualifications as
required by the Compts and
will have to pass the same
Tests & Examinations.

(4) Staff. The financial Asst
will be an additional off.

D 13

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and the Financial Branch of the Electrical Department will then be the E.D. will then be

(1) ~~The~~ Financial Assistant

(2) one additional Stenographer Stenographer

(3) one Record Clerk Record Clerk

(4) three Peons Rs 12 each

(5) The staff in the Comptroller's Office engaged on E.D. accounts

(6) The accounts staff already in the Electrical Department in the E.D.

Note the pay of the Stenographer to be 50-10-100 and the Record Keeper to be Rs 50-5-75

If later on the above staff is not found sufficient Government will be asked for sanction for employment of whatever staff is necessary

S. G. Forbes

11/10/24

DEWAN'S OFFICE. RECD. ON 31 OCT. 1924 Reg. No 2866

2.6 No 88

2.10.24

To Financial Secretary with compliments

I duly received

2.10.24

3 - OCT. 1924

Ref: Dewan's order dt 25-8-24

The details of the Scheme are mentioned in my note dt 27.9.24 and the CEE has accepted them vide his note dt 10.10.24

Dewan

13/1

12

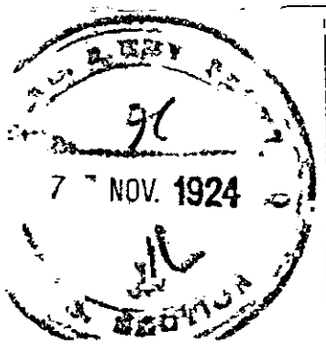
ELECTRICAL DEPARTMENT.

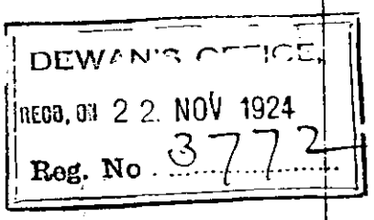
OFFICE OF THE CHIEF ELECTRICAL ENGINEER TO THE GOVERNMENT OF MYSORE, BANGALORE

Date.....*192*

21921

File No. 19





Serial No.

Draft put up

Dewan

may be brought up 21-11-24

maybe completed & put up.

forwarded to the chief Secy

for Consideration

25/11/24

4/11

(For Disposal at a Meeting)

No. C. 171
of 1924-5

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Clause xii of the schedule)

Improvement of the System of Accounts and Audit relating to the Electrical Department.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

Chief Secretary to Government.

26th November 1924.

Extraordinary Member of Council.

C 299 26.11.24 **First Member of Council.**

Second Member of Council.

Third Member of Council.

56

GTT

Extract from the Proceedings of the 720th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 13th December 1924. *19*

DEWAN'S OFFICE,
RECD. ON 13 DEC 1924
Reg. No 4478

112. Subject. - Clause xii of the schedule.

Improvement of the system of accounts and audit relating to the Electrical Department.

OPINION OF THE COUNCIL.

The arrangement proposed in the draft order may be approved.

(Signed) A. R. Banerji,

Dewan of Mysore.

61

"EXTRACT"

Chief Secretary to Government.

WD 1471—GPB—2,000—1-3-21

Financial Secretary with Compliments.

Dewan (8.12.24)

Submitted to His Highness.

As Member in charge of the Electrical Department, I have long been impressed with the fact that its financial organisation is far from satisfactory. It is the biggest commercial concern worked by Government and the essential need of such a concern is an efficient Audit and Accounts Branch as part of its Administrative organisation. We have such an organisation for our Railways. The absence of a similar arrangement in the Electrical Department is a serious defect. Accordingly, in my minute dated 7th January 1924, I asked the Financial Secretary to submit a scheme for removing this defect. In his note dated 26th January 1924, he formulated the outlines of such a scheme. An officer of the Accounts Department was placed on special duty for a short period to work out the details of decentralisation schemes to be introduced in the three departments of Electrical Works, Education and Military. This officer's report in regard to the Electrical Department together with the Comptroller's views upon it was received on the 30th June 1924 and referred to the Chief Electrical Engineer for his views. There were some points of difference and I accordingly, personally discussed the matter with the Chief Electrical Engineer and the Financial Secretary on the 7th August 1924 and gave instructions as to the lines on which they should be settled and also asked the Financial Secretary to work out, in consultation with the Comptroller, the details of the scheme as revised by me. The proposals of the Financial Secretary and the Comptroller dated 27th September 1924 were again referred to the Chief Electrical Engineer who, in his note dated 1st October 1924, has concurred in their views.

The draft order explaining the essential features of the scheme

Page 19 d-office Note

scheme was considered by the Council on the 15th December 1924 and the opinion of the Council was that "the arrangement proposed in the draft order may be approved".

The scheme follows generally the lines of that recently proposed for the Education Department and sanctioned by His Highness. The only extra expenditure involved by the measure will be the emoluments to be paid to the officer selected to work as the Financial Assistant to the Chief Electrical Engineer and the cost of a few clerks which the latter officer considers to be necessary. Proposals in regard to these matters will be considered separately and submitted in due course for the orders of His Highness.

I request that the measure which is proposed in the draft order and which has been approved by the Council may be graciously sanctioned by His Highness.

Bangalore,
23rd December 1924.

CSR.
SKR

58

Record of Cases submitted for the Orders of His Highness the Maharaja.

315
23-12-24

Subject.

Proposals for improving the system of accounts and audit relating to the Electrical Department.

399

Order.

~~KRW~~

26/12/24

Financial Secy with comments
Draft may issue
D.O.
Secy.
PLO 31/12/24.

Issue
2/1/25

Please send this for Circulation
Members before CSB.
2.1.25

57

G. R. S. III-2]

C 171

General and Revenue Secretariat. | File No. | of 192.

Serial No.

Improvement of the system of accounts and audit relating to the Electrical Department.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to the Members of Council for perusal of

*

His Highness' orders ~~before~~ ~~after~~ issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Govt.

Through the Secretary to Government,

.....Department.

5307 / 31

FIRST MEMBER OF COUNCIL. 3/1

43 / 3.1

SECOND MEMBER OF COUNCIL. 3/1

THIRD MEMBER OF COUNCIL.

Financial Secy, with Compts

5/11/23

NOTE—Contn. sheet.

Mono WD 1335—GPB—500—16-1-23.

5/11

G. R. S. III-2]

General and Revenue Secretariat.

Ed File No. 3 of 1924

Serial No.	
21	To the Comptroller Heads of Depts Secretariat Depts D Cs of Dists Chief Engr No H 3779-838. Dated 5.1.25 Directs the formation of a separate Financial Branch in the Electrical department and defines the duties of the Assistant to be placed in charge of the Branch:- The order relating to the formation of a separate H Branch in the El. Dept has issued. A draft calling for proposals re the Accounts Officer to be posted to the El. Dept and his establishment is put up to Comptroller Sd/ H Sony 6/1/25 Please issue action to print these papers at once sd/ 10/1 sd/ 6/1/25 Please await orders on C&D's D.O. Secretary Dewan - Sd/ 9.1.25 sd/ 10/1

NOTE—Contn. sheet. 167

61

DRAFT.

Proceedings of the Government of H.H.
the Maharaja of Mysore.

****

ORDER NO. ಪ್ರ 3779-888/ಫ್ರ 3-26-2.

DATED, BANGALORE, the 5th January 1925.

The Department of Electrical Works is one of the most important commercial concerns owned and worked by Government, and the magnitude of its monetary transactions will be evident from the following figures taken from the estimates for the current year:-

Revenue - Receipts	..	Rs 47 lakhs.
,, Expenditure.		8 ,,
Capital outlay	..	10 ,,
Charges met from Depreciation Fund	..	6 ,,
Stores - Receipts	..	12 ,,
,, Issues	..	13 ,,
	Total .	Rs 96 lakhs.

The total xxx volume of annual financial operations is thus nearly a crore of rupees and with the growing demand for power, the business of the Department is bound to expand further. Large Capital and Renewal works have to be carried out by the Department periodically and such works, when in progress add substantially to its financial responsibilities. The Electrical Department is the buyer and consumer of large quantities of foreign and local materials and it has accordingly to keep

keep all the complicated accounts relating to stores. The number of lighting and power installations is already about eight thousand and the work of keeping the Demand, Collection and Balance accounts of consumers of power is thus very heavy and requires trained supervision for its proper performance. The maintenance and operation of the Concern as well as the execution of Capital, Revenue and Depreciation Fund Works necessitates a variety of charges, calling for different methods of accounting and audit, according to their nature. In view of the magnitude and character of its financial transactions, the Department requires within itself, an organization, capable of exercising efficient control over them, but such an organization does not now exist.

2. Under the existing system, the audit work of the Department is highly centralised as it is conducted in the Comptroller's Office and it is practically limited to such scrutiny of expenditure as is possible on material furnished for the purpose by the Department. What little of audit in respect of Revenue there is, is relegated to local inspections made

made in the course of hurried visits paid by the Inspecting Assistant of the Comptroller to the Sectional Offices of the Department and nothing more than a test audit is possible during such visits. Even as regards expenditure, the work in the Comptroller's Office is confined mostly to an examination of payments after they are made and the value of such examination, as a means for preventing the occurrence of errors and irregularities, is naturally limited. What a commercial concern requires for its efficient and economical financial administration is an effective system of internal administrative audit conducted with an intimate knowledge of its working and with better means of information than accounts and documents prepared for the inspection of an external examiner. The Chief Electrical Engineer has also to handle many problems of a financial nature and therefore requires the help and advice of a competent Assistant in dealing with them. In view of all these considerations, Government deem it necessary to form a Financial Branch within the Electrical Department as part of its controlling organization. The principle of providing a commercial department with a separate Audit Office adapted to its needs has long been recognised in respect of Railway Administration.

Administration and the arrangement now proposed is only the application of this principle to the Electrical Department.

3. The Financial Branch of the Electrical Department will be placed under an Officer of the Accounts Department who will work as an Assistant to the Chief Electrical Engineer. The duties of the Assistant will broadly be classified under the following heads:-

(i) Financial Adviser to the Chief Electrical Engineer.

(ii) Accounting Officer of the Electrical Department.

&

(iii) Officer in charge of internal audit of the financial transactions of the Electrical Department.

4. In all matters relating to audit and accounts, the Officer in charge of the Financial Branch should be guided by the instructions issued by the Comptroller. If cases arise in which the Chief Electrical Engineer does not accept the recorded opinions of his Financial Assistant on points which relate to the propriety of proposed payments or which arise either in the course of central or local audit, he will issue written orders which should be carried out by the latter and all instances of this kind should be reported with the connected papers to the Comptroller by the

the Financial Assistant through the Chief Electrical Engineer and it will rest with the Comptroller to take such action as he may consider necessary in respect of them, if necessary, in consultation with Government in the Finance or Administrative Departments.

5. The detailed audit of all kinds of expenditure of the Department will be conducted in the Financial Branch instead of, as hitherto, in the Comptroller's Office. The audit of revenue and receipts of the Department should form part of the normal work of the Branch. The system of audit of the several classes of payments and receipts should be on the lines settled by the Comptroller, keeping in view the requirements of the Chief Electrical Engineer for exercising an effective administrative control over the financial transactions of his Department.

6. Arrangements will be made for the submission by Treasuries to the Financial Branch of all paid bills and pass orders of the Electrical Department and particular care should be taken for the safe custody of bills and vouchers while under audit as also after audit.

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7. Bills of all kinds except those for petty payments made from Permanent Advances placed in the hands of Sec-

tion

Sectional Officers, should be pre-audited by the Financial Branch and paid by cheques.

8. The transactions not coming under central audit in the Branch should be subject to complete examination locally by the Financial Assistant. The initial accounts and registers of all the Sections as also their Registers of Revenue and Stores Accounts should undergo thorough scrutiny in the course of local inspections made by the Financial Assistant.

9. The Financial Assistant to the Chief Electrical Engineer should submit monthly to the Comptroller an audited accounts of the receipts and payments of the Department on the prescribed dates and also such other accounts, returns and reports, and in such form as the Comptroller may require.

10. The staff required for the Financial Branch should be found by transferring the men already employed on this work in the Offices of the Comptroller and the Chief Electrical Engineer. As the audit work will have to be done in greater detail than now, the entertainment, at a small cost, of a few additional hands may be necessary

and

and proposals on this subject may be submitted in due course. The extra cost of the arrangement sanctioned in this order will be practically limited to the emoluments of the Gazetted Officer appointed to work as the Financial Assistant to the Chief Electrical Engineer.

11. The responsibility of the Chief Electrical Engineer in regard to the financial transactions of his Department is unaffected by the formation of the new Branch which is intended only to afford him help and advice in the administration of the Department on the financial side.

12. The Comptroller should arrange for an examination of the accounts and audit work of the Financial Branch of the Department at least once a year and his examination should keep the following objects in view:-

(i) A general scrutiny to see that the work is properly performed.

& (ii) A special scrutiny to see that the scheme of appropriation sanctioned by the Legislative Council is adhered to and that points to be noticed in the Audit & Appropriation Reports are brought to his notice by the Financial Assistant.

If, for any reason, the examination of the accounts kept in the Sectional Offices is considered necessary, the

Comptroller -

Comptroller will arrange to have
it made by his Inspecting Staff.

21-11-24

Financial Secretary to Govt.

To

The Comptroller to Govt.
" Chief Electrical Engineer.
" Other Heads of Departments.
" Deputy Commissioners of Dists.
" Secretaries to Govt.

31/11/24